

/REGISTRAR
OF COMPANIES

LLANOVER PROPERTIES LIMITED

Report and Financial Statements

31 March 2003



REPORT AND FINANCIAL STATEMENTS 2003

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7

OFFICERS AND PROFESSIONAL ADVISERS**DIRECTORS**

R A E Herbert, CBE
R E Phillips, FRICS

SECRETARY

D G Metters

REGISTERED OFFICE

23a Gold Tops
Newport
South Wales
NP20 4UL

BANKERS

Leopold Joseph & Sons Limited

AUDITORS

Deloitte & Touche LLP
Chartered Accountants

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

ACTIVITIES

The company is engaged in the business of trading in land, letting property and investment dealing.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results of the company for the year are set out in the profit and loss account on page 5 and the position of the company at the year-end is shown in the balance sheet on page 6.

The directors consider that the company is well placed to continue to trade profitably in the future.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year (2002 - £nil).

DIRECTORS

The present membership of the Board is set out on page 1. Both directors served throughout the year.

The directors' beneficial interests, as defined by the Companies Act 1985, in the £1 ordinary shares of the company were as follows:

	2003 No.	2002 No.
R A E Herbert, CBE	9,998	9,998
R E Phillips, FRICS	1	1

CHARITABLE DONATIONS

The company made charitable donations of £20,000 (2002 - £20,000) during the year.

AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to reappoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

D G Meffers
Secretary

Date 18/11/03

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LLANOVER PROPERTIES LIMITED

We have audited the financial statements of Llanover Properties Limited for the year ended 31 March 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

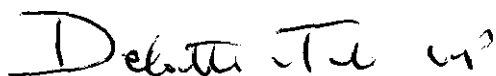
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cardiff

Date 12 Dec 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2003

	Note	2003 £	2002 £
TURNOVER: continuing operations	2	396,871	788,801
Cost of sales		-	(85,099)
Gross profit		396,871	703,702
Income from fixed asset investments		45,009	45,009
Administrative expenses		(396,680)	(317,045)
OPERATING PROFIT: continuing operations		45,200	431,666
Profit on sale of fixed assets		-	34,176
Provision against fixed asset investments		(23,150)	(14,734)
Interest receivable and similar income	4	50,673	129,361
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	72,723	580,469
Tax on profit on ordinary activities	6	(6,237)	(165,945)
RETAINED PROFIT FOR THE FINANCIAL YEAR	11	66,486	414,524

There are no recognised gains and losses for the current or prior year other than as stated in the profit and loss account.

There are no movements in shareholders' funds other than as stated in the profit and loss account.

BALANCE SHEET 31 March 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	3,001,144	1,539,798
Investments	8	819,566	842,716
		<u>3,820,710</u>	<u>2,382,514</u>
CURRENT ASSETS			
Amounts due from related companies		625,000	719,233
Other debtors and prepayments		117,597	103,742
Amounts due from subsidiary		-	590,000
Cash at bank		163,798	255,630
Short-term investments		966,036	758,811
		<u>1,872,431</u>	<u>2,427,416</u>
CREDITORS: amounts falling due within one year	9	<u>(1,318,713)</u>	<u>(501,653)</u>
NET CURRENT ASSETS		<u>553,718</u>	<u>1,925,763</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,374,428</u>	<u>4,308,277</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	<u>(9,270)</u>	<u>(9,605)</u>
		<u>4,365,158</u>	<u>4,298,672</u>
SHARE CAPITAL AND RESERVES			
Called up share capital	12	20,000	20,000
Capital reserve	11	553,221	553,221
Profit and loss account	11	3,791,937	3,725,451
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>4,365,158</u>	<u>4,298,672</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

R A E Herbert, CBE

Director.....

R E Phillips FRICS

Director.....

NOTES TO THE ACCOUNTS

Year ended 31 March 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties.

Group accounts

Group accounts have not been prepared as the group is entitled to the exemption conferred by Section 248 of the Companies Act 1985 from the requirements to prepare group accounts. These financial statements therefore present information concerning Llanover Properties Limited only.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings - 2%

Investment properties

The company's freehold land and buildings at Tyson Courtyard, Corby, are treated as investment properties, as defined by Statement of Standard Accounting Practice No. 19, and are therefore revalued annually by the directors. Accordingly, they are not depreciated. Depreciation is only one amongst many factors reflected in the annual valuation of properties and, accordingly, the amount of depreciation which might otherwise have been shown cannot be separately identified or quantified. The directors consider that this policy results in the accounts giving a true and fair view.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments

Fixed asset investments are stated at cost less provision for any impairment.

Cash flow statement

As a small company the company is exempt from the requirement to prepare a cash flow statement.

Turnover

Turnover relates to rents receivable.

2. TURNOVER

	2003	2002
	£	£
Property sales	-	495,017
Rents receivable	396,871	293,784
	<u>396,871</u>	<u>788,801</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2003

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2003 £	2002 £
Directors' emoluments	80,200	80,200
Social security costs	8,895	8,980
	<u>89,095</u>	<u>89,180</u>

There are no employees other than the directors (2002 - £nil).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £	2002 £
Bank interest	25,488	52,832
Interest rate swaps	-	57,235
Related party loans	25,151	19,233
Miscellaneous income	34	61
	<u>50,673</u>	<u>129,361</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 £	2002 £
Profit on ordinary activities before taxation is after charging		
Auditors' remuneration	4,800	2,250
Depreciation - owned assets	1,846	1,846
and after crediting		
Income from listed investments	<u>45,009</u>	<u>45,009</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2003

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £	2002 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 30% (2002 – 30%)	10,288	166,779
Adjustment in respect of prior years	(3,716)	(224)
	<u>6,572</u>	<u>166,555</u>
Deferred taxation credit	(335)	(610)
	<u>6,237</u>	<u>165,945</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30%. The actual tax charge of the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	£	£
Profit on ordinary activities before tax	<u>72,723</u>	<u>580,469</u>
Tax on profit on ordinary activities before tax at 30%	21,817	174,140
Factors affecting charge for the year		
Expenses not deductible for tax purposes	7,258	5,928
Capital allowances for the year in excess of depreciation	335	610
UK dividend income	(13,503)	(13,503)
Chargeable gains	-	9,857
Disposal proceeds of ineligible assets	-	(10,253)
Marginal rate tax relief	(5,619)	-
Prior year adjustments	(3,716)	(224)
	<u>6,572</u>	<u>166,555</u>

NOTES TO THE ACCOUNTS Year ended 31 March 2003

7. TANGIBLE FIXED ASSETS

	Total £	Cordes Trading Estate £	Abercarn Industrial Estate £	Belmont Road Abergavenny £	Investment property Tyson Courtyard Corby £
Cost					
At 1 April 2002	1,577,636	36,412	59,799	1	1,481,424
Additions	1,463,192	-	-	-	1,463,192
At 31 March 2003	3,040,828	36,412	59,799	1	2,944,616
Depreciation					
At 1 April 2002	37,838	15,818	22,020	-	-
Charge for year	1,846	750	1,096	-	-
At 31 March 2003	39,684	16,568	23,116	-	-
Net book value					
At 31 March 2003	3,001,144	19,844	36,683	1	2,944,616
At 31 March 2002	1,539,798	20,594	37,779	1	1,481,424

The directors consider that the market value of the investment property at 31 March 2003 was not materially different to the cost.

NOTES TO THE ACCOUNTS Year ended 31 March 2003

8. INVESTMENTS

	Subsidiary £	Other listed £	Other unlisted £	Total £
Cost				
At 1 April 2002 and 31 March 2003	10,000	777,716	170,502	958,218
Provisions				
At 1 April 2002	-	-	115,502	115,502
Charge	-	-	23,150	23,150
At 31 March 2003	-	-	138,652	138,652
Net book value				
At 31 March 2003	10,000	777,716	31,850	819,566
At 31 March 2002	10,000	777,716	55,000	842,716

The market value of the listed investments at 31 March 2003 was £993,958 (2002 - £1,556,574). The listed investments consist of 187,539 (2002 - 187,539) £1 ordinary shares in Leopold Joseph plc. R A E Herbert, CBE is a director of Leopold Joseph plc.

The investment in the subsidiary relates to a 100% holding in Llanover Properties (Corby) Limited, a company registered in England and Wales. The company, whose principal activity is that of property investment, during the period to 31 March 2003 made a profit of £216,459 (2002 - £214,498) and had net assets of £690,519 (2002 - £474,060) at that date.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade creditors	28,705	2,646
Amounts due to subsidiary company	950,538	-
Corporation tax	6,572	166,555
Other taxation and social security	21,843	7,493
Accruals and deferred income	95,185	132,583
Other creditors	215,870	192,376
	<u>1,318,713</u>	<u>501,653</u>

The amount due to subsidiary company are unsecured, interest free and repayable on demand.

NOTES TO THE ACCOUNTS Year ended 31 March 2003

10. DEFERRED TAXATION

	£
Provision brought forward	9,605
Credit to profit and loss account	(335)
	<hr/>
Provision carried forward	9,270
	<hr/>

The potential amount of deferred taxation provided at 30% (2002 - 30%) in the financial statements and the potential amount not provided are:

	2003 £	Provided 2002 £	2003 £	Unprovided 2002 £
Capital allowances in excess of depreciation	9,270	9,605	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

11. STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £	Capital reserve £
At 1 April 2002	3,725,451	553,221
Profit for the year	66,486	-
	<hr/>	<hr/>
At 31 March 2003	3,791,937	553,221
	<hr/>	<hr/>

The company's Articles require profits arising on sale of fixed assets to be transferred to the capital reserve.

12. CALLED UP SHARE CAPITAL

	2003 £	Authorised, Allotted and fully paid 2002 £
20,000 ordinary shares of £1 each	20,000	20,000
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS**Year ended 31 March 2003****13. TRANSACTIONS WITH RELATED PARTIES**

Name of related party	Director with a significant interest
Newbridge Construction Limited	R A E Herbert, CBE & R E Phillips, FRICS
Trustees of Llanarth Estate	R A E Herbert, CBE
R E Phillips & Partners	R E Phillips, FRICS
Pontymister Developments Limited	R E Phillips, FRICS
Sully Development Company Limited	R A E Herbert, CBE

During the year, Llanover Properties Limited made purchases from the above related parties of £148,235 (2002- £159,701).

In addition, Newbridge Construction Limited owed £500,000 at 31 March 2003 (2002 - £500,000) in respect of property sales.

Sully Development Company Limited owed £125,000 at 31 March 2003 (2002 - £nil).